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**IMPLEMENTATION OF CO-PAYMENTS FOR EXTENDED CARE SERVICES
PROVIDED TO VETERANS BY VA**

1. PURPOSE: This Veterans Health Administration (VHA) Directive states the Department of Veterans Affairs (VA) policy for charging co-payments for extended care services and provides guidance for implementing the extended care co-payments.

2. BACKGROUND: Public Law 106-117, The Veterans Millennium Health Care and Benefits Act, gave the Secretary of Veterans Affairs, the authority to establish extended care copayment amounts and a maximum monthly co-payment cap. The final regulation implementing the changes for extended care copayment was printed in the Federal Register on May 17, 2002, and takes effect June 17, 2002. The final regulation states, in part, that:

a. As a condition of receiving extended care services, any non-exempt veteran must agree to pay VA a co-payment.

b. The following veterans are exempt from co-payment requirements for extended care services, the:

(1) Veteran who was receiving extended care services on or before November 30, 1999, and who has been continuously receiving these services since that date.

(2) Veteran with a compensable service connected disability.

(3) Veteran whose annual income (determined under Title 38 United States Code (U.S.C.) 1503) is less than the single veteran non-service connected disability pension income amount in effect under 38 U.S.C. 1521(b). **NOTE:** *The income limitation for calendar year 2002, as published in VHA Directive 2001-75, is \$9,556. The income limitation is updated annually in VHA Directives.*

c. The following services are not subject to the co-payment requirements for extended care:

(1) Care for a non-compensable zero percent service-connected disability.

(2) Care authorized under 38 U.S.C. 1710(e) for Vietnam-era, herbicide-exposed veterans, radiation-exposed veterans, Persian Gulf War veterans, or post-Persian Gulf War combat-exposed veterans.

(3) Care or treatment of sexual trauma as authorized under 38 U.S.C. 1720D.

(4) Care or services authorized under 38 U.S.C. 1720E for certain veterans regarding cancer of the head or neck.

(5) Hospice care received in a nursing home.

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d. The following sets forth the extended care services provided by VA and the corresponding co-payment amount per day:

Institutional Nursing Home Care	\$97
Institutional Domiciliary Care	\$ 5
Institutional Geriatric Evaluation	\$97
Institutional Respite Care	\$97
Non-institutional Respite Care	\$15
Non-institutional Adult Day Health Care	\$15
Non-institutional Geriatric Evaluation	\$15

NOTE: Care provided by State veterans homes is not provided by VA; thus, is not subject to these co-payments.

e. The maximum amount for institutional nursing home, institutional geriatric evaluation, or institutional respite care that a veteran could be charged in any month is \$97 per day times the number of days in the month. The maximum amount for non-institutional (outpatient) extended care services a veteran could be charged in any month is \$15 per day times the number of days in the month. The maximum amount for domiciliary care a veteran could be charged in any month is \$5 per day times the number of days in the month. **NOTE:** An explanation of the monthly co-payment calculation and examples are provided in Attachment B.

f. A non-exempt veteran has no obligation to pay a co-payment for the first 21 days of extended care services that VA provided the veteran in any 12-month period (the 12-month period begins on the date that VA first provided extended care services to the veteran).

3. POLICY: It is VHA policy that, effective June 17, 2002, long-term care (LTC) co-payment tests will be completed on all veterans in receipt of extended care services as of that date.

NOTE: No back billing will occur for the LTC co-payments. All non-exempt veterans, based on the LTC co-payment test determination, will be required to complete a VA Form 10-10EC, Application for Extended Care Services (see Att. D); and monthly extended care copayments will be assessed based on the VA Form 10-10EC information and the type of extended care services received.

4. ACTION

a. **Medical Center Director.** The medical center Director is responsible for ensuring that:

(1) Veterans receiving extended care services, as of June 17, 2002, are identified.

(2) A LTC co-payment test is completed in Veterans Information Systems Technology Architecture (Vista), on each veteran identified, to determine extended care co-payment exemption or non-exemption status.

(3) A VA Form 10-10EC, Application for Extended Care Services, is obtained for each non-exempt veteran. Directions for downloading the VA Form 10-10EC are provided in Attachment D.

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(4) Health Administration Services (HAS), or other appropriate facility program office, enters the VA Form 10-10EC data into VistA. Instructions for processing applications for Extended Care Services are provided in Attachment C.

(5) For the purpose of counting the number of days for which a veteran is obligated to make a co-payment, each day that outpatient (non-institutional) extended care services are provided will be counted; and each full day and partial day for each inpatient (institutional) stay, except for the day of discharge, will be counted.

(6) A veteran's "available resources" for use in paying extended care co-payments is determined by a calculation using the financial data from VA Form 10-10EC. The calculated monthly co-payment amount will vary from veteran to veteran and can range from \$0 to the maximum co-payment amount of \$97 (see Att. B). **NOTE:** *Definitions and associated identifiers of extended care services for which co-payments will be assessed are described in Attachment A.*

b. **Non-exempt Veteran.** Each non-exempt veteran is responsible for:

(1) Completing a VA Form 10-10EC, when:

(a) First requested by VA after June 17, 2002.

(b) Initially requesting an episode of extended care service.

(c) There is a break in extended care services for 30 days or more and a new request for extended care services is submitted.

(d) The time for the annual updating of VA Form 10-10EZ, Application for Health Benefits, occurs.

(2) Reporting any change(s) that might affect the co-payment obligation (i.e., changes in fixed assets, liquid assets, expenses, or income, or whether the veteran has a spouse or dependent residing in the community), to Social Work at a VA medical facility within 10 days of the change.

5. REFERENCES

a. Public Law 106-117.

b. 38 CFR 17.111.

6. FOLLOW-UP RESPONSIBILITY: The Associate Chief Financial Officer for Revenue (174) is responsible for the contents of this directive. Questions may be referred to 202-273-8247.

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7. RECISSIONS: None. This VHA Directive expires June 30, 2007.

S/ Nevin M. Weaver for
Robert H. Roswell, M.D.
Under Secretary for Health

Attachments

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ATTACHMENT A

DEFINITIONS AND ASSOCIATED TREATING SPECIALTIES, DSS IDENTIFIERS AND POV CODES OF EXTENDED CARE SERVICES FOR WHICH CO-PAYMENTS WILL BE CHARGED

1. **Adult Day Health Care.** Adult day health care is a therapeutic outpatient care program that provides medical services, rehabilitation, therapeutic activities, socialization, nutrition, and transportation services to disabled veterans in a congregate setting. Patients receiving adult day health care are identified by Decision Support System (DSS) stop code 190 and purpose of visit (POV) code 76.
2. **Domiciliary Care.** Domiciliary care means the furnishing of a home to a veteran, embracing the furnishing of shelter, food, clothing, and other comforts of home to include necessary medical or mental health services. Patients receiving domiciliary care are identified by treating specialty code 85.
3. **Institutional (inpatient) Extended Care Services.** Institutional (inpatient) extended care services means domiciliary care, institutional geriatric evaluation, nursing home care, and institutional respite care.
4. **Non-institutional (outpatient) Extended Care Services.** Non-institutional (outpatient) extended care services means adult day health care, non-institutional geriatric evaluation, and non-institutional respite care.
5. **Geriatric Evaluation.** Geriatric evaluation is a specialized, diagnostic and/or consultative service provided by an interdisciplinary team that is for the purpose of providing a comprehensive assessment, care plan, and extended care service recommendation(s). Patients receiving institutional geriatric evaluation are identified by treating specialty codes 31, 32, 33, 34, and 35. Patients receiving non-institutional geriatric evaluation are identified by DSS stop codes 318, 319, and 350.
6. **Nursing Home Care.** Nursing home care means the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care, but who require nursing care and related medical services, if such nursing care and medical services are prescribed by, or are performed under the general direction of, persons duly licensed to provide such care. **NOTE:** *Nursing services must be provided 24 hours a day.* LTC includes services furnished in skilled nursing care facilities; however, it excludes hospice care. Patients receiving nursing home care are identified by treating specialty codes 80 and 81 and by POV code 41.
7. **Respite Care.** Respite care means care which is of limited duration and is furnished on an intermittent basis to a veteran suffering from a chronic illness and who resides primarily at home. Respite care is furnished for the purpose of helping the veteran continue to reside primarily at home. **NOTE:** *Respite providers temporarily replace the caregivers to provide services ranging from supervision to skilled care needs.* Patients receiving institutional respite care are identified by treating specialty code 83 and POV code 44. Patients receiving non-institutional respite care are identified with POV code 73.

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ATTACHMENT B

EXTENDED CARE CO-PAYMENT CALCULATIONS

1. The non-exempt veteran is obligated to pay a monthly extended care co-payment amount only to the extent the veteran and the veteran's spouse have available resources. Available resources means the sum of the value of the liquid assets, fixed assets, and income of the veteran and the veteran's spouse minus the sum of the veteran allowance (which may include deductible expenses) and the spousal allowance.

2. For the purposes of determining available resources:

a. Income means current income including, but not limited to: wages, income from a business (minus business expenses), bonuses, tips, severance pay, accrued benefits, cash gifts, inheritance amounts, interest income, standard dividend income from non-tax deferred annuities, retirement income, pension income, unemployment payments, worker's compensation payments, black lung payments, tort settlement payments, social security payments, court-mandated payments, payments from the Department of Veterans Affairs (VA) or any other Federal programs, and any other income. The amount of current income will be stated in frequency of receipt, e.g., per week, per month. **NOTE:** *The electronic version of VA Form 10-10EC, Application for Extended Care Services, within the Veterans Information Systems Technology Architecture (VistA) represents an annual income; therefore, when entering monthly income a user must enter the monthly income amount followed by an asterisk (*) (e.g., \$800*).*

b. Expenses means basic subsistence expenses, including current expenses for the following:

- (1) Rent or mortgage for primary residence;
- (2) Vehicle payment for one vehicle;
- (3) Food for veteran, veteran's spouse, and veteran's dependents;
- (4) Education for veteran, veteran's spouse, and veteran's dependents;
- (5) Court-ordered payments of veteran or veteran's spouse (e.g., alimony, child-support);
and
- (6) The average monthly expenses during the past year for the following:
 - (a) Utilities and insurance for the primary residence;
 - (b) Out-of-pocket medical care costs not otherwise covered by insurance and medical insurance for the veteran, veteran's spouse, and veteran's dependents; and
 - (c) Taxes paid on income or personal property.

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c. The value of the fixed assets means fixed assets minus any outstanding lien or mortgage. Fixed assets means real property and other non-liquid assets. This does not include:

(1) Burial plots;

(2) The primary residence of the veteran, if the veteran is receiving only non-institutional extended care service;

(3) The primary residence of the veteran's spouse (or the veteran's dependents if the veteran does not have a spouse), if the veteran is receiving institutional extended care services;

(4) The vehicle of the veteran, if the veteran is receiving only non-institutional extended care services;

(5) The vehicle of the veteran's spouse (or the veteran's dependents if the veteran does not have a spouse), if the veteran is receiving institutional extended care services.

d. Liquid assets means cash, stocks, dividends received from IRA, 401Ks and other tax-deferred annuities, bonds, mutual funds, and retirement accounts (e.g., IRA, 401Ks, annuities), coin collections, collectibles, household furniture, household goods, clothing, jewelry, and other personal items. When computing the value of liquid assets, any outstanding balance owed on loans used to acquire the assets is considered.

e. Spousal allowance is an allowance of \$20 per day that is included in the available resources calculation, if the spouse resides in the community (not institutionalized).

f. Veterans allowance is an allowance of \$20 per day plus expenses in certain circumstances. Expenses will be included if the veteran:

(1) Has been receiving nursing home care, institutional respite care, institutional geriatric evaluation, or institutional domiciliary care for 180 days or less;

(2) Is receiving only non-institutional respite, non-institutional geriatric evaluation, or adult day health care;

(3) Has a spouse or dependent residing in the community (not institutionalized).

3. The value of the liquid and fixed assets is included in the available resources if the veteran has been receiving inpatient (institutional) extended care services for 181 days or more.

4. The following examples represent potential monthly co-payment obligations for both single and married veterans. For the purposes of the examples, the type of care the veteran is receiving is indicated. **NOTE:** *The monthly co-payment amount cannot be more than the veteran's available resources.*

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(5) The single veteran with no spouse or dependent is receiving adult day health care during the month of December.

Veteran's Income – Veteran's Allowance (daily allowance + expenses) = Available Resources

$\$3000 - (\$620 + \$1200) = \1180 (veteran's available resources)

The veteran only received adult day health care twelve times during the month. Although the available resources are \$1180, the veteran can only be charged \$15.00 per visit. The maximum monthly co-payment amount for December would be \$465. However, the veteran will only be charged \$180 (\$15*12 visits) for December.

b. Veteran with a spouse or dependent residing in the community (not living in a nursing home or other institutional setting)

(1) Financial information provided on VA Form 10-10EC:

Monthly Income veteran	<u>\$3000</u>
Monthly Income spouse	<u>\$1300</u>
Monthly Expenses	<u>\$1500</u>

Veteran's and Spousal Allowance is Variable - \$20 times number of days in the month for the veterans allowance (\$620 for 31 days; \$600 for 30 days) plus \$20 times the number of days in the month for the spousal allowance (\$620 for 31 days; \$600 for 30 days).

Fixed Assets (excludes value of primary residence)	<u>\$20,000</u>
Liquid Assets	<u>\$2,000</u>

NOTE: A veteran has no co-payment obligation for the first 21 days of extended care services in any 12-month period from the date the extended care services began.

(2) The veteran is admitted on 05/01/02 (a 31-day month) to a nursing home. The veteran continues to receive extended care services through the end of the month.

Veteran and Spousal Income – Veteran Allowance (daily allowance + expenses) and Spousal Allowance = Available Resources

$\$3000 + \$1300 - (\$620 + \$1500) - \$620 = \1560

The veteran is co-payment exempt for the first 21 days of extended care services in any 12-month period; therefore, the veteran is charged \$97 per day from May 22 to May 31 for a total of \$970 because it is less than \$1560.

(3) The veteran remains in the nursing home through the next month of June (30 days in the month).

Veteran and Spousal Income – Veteran Allowance (daily allowance + expenses) and Spousal Allowance = Available Resources

$\$3000 + \$1300 - (\$600 + \$1500) - \$600 = \1600 .

The veteran will be charged \$1600 for the month of June.

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(4) Veteran continues to receive nursing home care for 181 consecutive days or more (10/27/02 is the 181st day). As before, the monthly co-payment is the lesser of the maximum extended care co-payment amount of \$97 per day times the number of days in the month or the veteran's available resources.

Veteran and Spousal Income + Fixed Assets (excluding value of primary residence) + Liquid Assets - Veteran Allowance (daily allowance + expenses) and Spousal Allowance = Available Resources

$\$3000 + \$1300 + \$20,000 + \$2000 - (\$620 + \$1500) - \$6200 = \$23,560$ (veteran's available resources)

The veteran will be charged \$3007 (\$97 per day * 31 days) for the month of October.

***NOTE:** Since billing is calculated monthly and the 181st day occurred in October, the assets were included for the month. The value of the primary residence was excluded because the spouse or dependent was residing in the community.*

(5) The veteran with a spouse or dependent residing in the community is receiving outpatient (non-institutional) extended care services during the month of December.

Veteran and Spousal Income – Veteran allowance (daily allowance + expenses) and Spousal Allowance = Available Resources

$\$3000 + \$1300 - (\$620 + \$1500) - \$620 = \1560

The veteran only received outpatient extended care services 12 times during the month. Although the available resources are \$1560, the veteran can only be charged the maximum outpatient rate of \$15.00 per visit. The maximum monthly outpatient (non-institutional) co-payment amount for December would be \$465. However, the veteran will only be charged \$180 (\$15 * 12 visits) for December.

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ATTACHMENT C

INSTRUCTIONS FOR PROCESSING APPLICATION FOR
EXTENDED CARE SERVICES

1. Referral for Extended Care Services. Once a determination is made that a veteran requires extended care services, a referral is sent to the social worker, case manager, or designated geriatrics and extended care staff. The designee involved in the extended care placement and case management needs to be familiar with the State and local requirements of extended care services available in the community, as well as extended care services available in VA, in order to provide options that may be available to the veteran.

2. Extended Care Co-payment Exemption Determination. The social worker, case manager, or designee must access the long-term care (LTC) co-payment test in the Veterans Information Systems Technology Architecture (VistA), enter the veteran's identifying information (name or initial and last four Social Security Numbers (SSNs) to determine the veteran's exemption or non-exemption status for extended care co-payments. This assists the designee in determining the most appropriate extended care services options available to the veteran.

a. If the response in VistA reflects that the veteran is exempt from extended care co-payments based on eligibility or income data from the means test, the designee notifies the social worker or case manager involved in placement of the veteran of the exemption status. This exemption status is stored in VistA.

b. If the response in VistA reflects that the veteran does not have means test information on file, the designee notifies the social worker or case manager involved in placement of the veteran to send the veteran or family representative to Health Administration Service or the enrollment coordinator for completion of the means test or LTC co-payment exemption test. The LTC co-payment exemption test is the same income screening process for medication co-payments. The intake or registration staff collects the information for the LTC co-payment exemption test by having the veteran complete and sign the financial section of VA Form 10-10EZ, Application for Health Benefits. ***NOTE:** A determination of exemption or non-exemption status cannot be made until the financial section of VA Form 10-10EZ is completed.*

c. If the response in VistA reflects that the veteran is non-exempt from extended care co-payments, the designee notifies the social worker or case manager involved in placement of the veteran that a VA Form 10-10EC, Application for Extended Care Services, needs to be completed.

3. VA Form 10-10EC, Application for Extended Care Services. All non-exempt veterans applying for extended care services must complete VA Form 10-10EC. The social worker or case manager involved in the placement of the veteran needs to contact the veteran or family representative and explain the need for this information. In addition, the social worker or case manager needs to provide guidance on gathering information for completion of the form.

a. If the veteran or family representative does not wish to provide the necessary financial information to determine the calculated monthly extended care co-payment obligation, the social

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worker or case manager must have the veteran or family representative sign and date the statement on VA Form 10-10EC indicating that veteran or family representative understands that the veteran will be assessed the maximum co-payment amount of extended care services received and that the veteran agrees to pay the applicable VA co-payment as required by law. The signed VA Form is forwarded to medical records for filing.

b. The social worker, case manager, or designee must enter this information into the “Add LTC co-payment test menu option” in VistA.

c. Once the veteran or family representative returns VA Form 10-10EC, the information will be entered into the LTC co-payment test menu option in VistA. This data entry may be performed by the intake or registration staff or other designee.

d. The intake or registration staff receiving the completed VA Form 10-10EC must access the Registration Menu option in VistA to ensure that demographic and insurance information on the current VA Form 10-10EC is the same as the most recent registration data stored in VistA.

e. If the demographic and insurance information on VA Form 10-10EC is different from the registration information, or data is missing, the intake or registration staff will update the registration fields with the current data.

f. If the demographic and insurance information on VA Form 10-10EC is the same, the intake or registration staff then accesses the “Add LTC co-payment test” menu option in VistA and enters the spousal and financial information from VA Form 10-10EC.

g. Once data entry is complete, the intake or registration staff prints the electronic version of VA Form 10-10EC and the Calculated LTC Co-payment Report from VistA.

h. The intake or registration staff forwards the completed electronic version of VA Form 10-10EC and Calculated LTC Co-payment Report to the social worker or case manager involved with the case management and placement of the veteran.

4. Counseling and Placement into Extended Care. The social worker or case manager must review the printed VA Form 10-10EC with the veteran or family representative.

a. The social worker or case manager will:

(1) Review the Calculated LTC Co-payment Report with the veteran or family representative.

(2) Counsel them to the potential co-payment amounts for the veteran’s extended care services.

(3) Review the projected co-payments and spend down calculation of the assets with the veteran and/or family as a part of case management.

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(4) Offer information regarding options and services that might be available within VA and the community.

b. If all the information on the VA Form 10-10EC is correct, the social worker or case manager has the veteran or family representative read, sign, and date the statement on the printed VA Form 10-10EC, agreeing to make the appropriate co-payments for extended care services. The completed and signed VA Form 10-10EC is forwarded to medical records for filing.

ATTACHMENT D

VA FORM 10-10EC, APPLICATION FOR EXTENDED CARE SERVICES

NOTE: Department of Veterans Affairs (VA) Form 10-10EC, Application for Extended Care Services, can be downloaded from <http://www.va.gov/forms/internal.htm>. Because the form is in PDF format, it is necessary to download the Adobe Acrobat Reader in order to access it. The software is free and is available at the form's website.



10-10EC.pdf